

NCUA LETTER TO FEDERAL CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: January 2012 **LETTER NO.:** 12-FCU-01
TO: All Federal Credit Unions
SUBJ: Operating Fee Scale Reduced for FY 2012
ENCL: Operating Fee Schedule for FY 2012

Dear Board of Directors:

I am pleased to announce that for the third consecutive year, **NCUA is reducing the operating fee scale for federal credit unions.**

For natural person federal credit unions, **the 2012 operating fee rate is 0.9% lower than the 2011 rate.**

Enclosed with this letter is a chart that will help you calculate the exact dollar amount of your credit union's operating fee. The rest of this letter provides additional insight into the calculation methods.

The two major factors that influence a decrease in the operating fee rate are the growth of federal credit union assets and the overhead transfer rate (OTR). The OTR is calculated from the annual allocation of NCUA resources toward insurance-related functions. For 2012, the OTR increased to 59.3% from 58.9% to reflect NCUA's increased focus on risks to the National Credit Union Share Insurance Fund (NCUSIF). The combination of growth in assets and the OTR resulted in a reduction to the 2012 operating fee scale.

Each year, in order to preserve the relationship of the scale to the federal credit unions within each asset tier, the asset range for each tier is adjusted by the projected growth of federal credit union assets. In 2012, based on federal credit unions' rate of growth, the asset ranges are increasing by 4.75%. You will see the new asset ranges to the right of the lower fee rates on the chart enclosed with this letter.

In March, you will receive an invoice for your 2012 operating fee and for any amount needed to adjust your NCUSIF capitalization deposit to 1% of insured shares.

- Your operating fee will be based on assets you report as of December 31, 2011.
- Your capitalization deposit may adjust up or down based on the insured shares you report as of December 31, 2011.

NCUA will combine your operating fee and your capitalization deposit adjustment into a single payment that will be due by Monday, April 16, 2012.

If you have any questions regarding this letter, please contact NCUA's Office of the Chief Financial Officer at (703) 518-6570 or ocfomail@ncua.gov.

Sincerely,

/s/

Debbie Matz
Chairman

Enclosure

OPERATING FEE SCHEDULE FOR FY 2012

Your operating fee is based upon the total assets of your credit union as of December 31, 2011.

FOR NATURAL PERSON FEDERAL CREDIT UNIONS

If total assets are less than \$750,000, the operating fee assessment is:

\$0	for assets up to	\$500,000
\$100	for assets from	\$500,001 to \$750,000

If total assets are more than \$750,000, the operating fee assessment is:

0.00022556	on the first	\$1,047,766,655	of assets, plus
0.00006574	on the next	\$2,122,759,502	of assets, plus (the portion between \$1,047,766,655 and \$3,170,526,157)
0.00002195	on assets over	\$3,170,526,157	

Examples: A credit union with \$800,000 in total assets has an operating fee of:
 $(\$800,000 \times 0.00022556) = \180.45 .

A credit union with \$2,400,000,000 in total assets has an operating fee of:
 $(\$1,047,766,655 \times 0.00022556) + ((\$2,400,000,000 - \$1,047,766,655) \times 0.00006574)$
 $= \$325,230.07$.

A credit union with \$5,000,000,000 in total assets has an operating fee of:
 $(\$1,047,766,655 \times 0.00022556) + ((\$3,170,526,157 - \$1,047,766,655) \times 0.00006574)$
 $+ ((\$5,000,000,000 - \$3,170,526,157) \times 0.00002195) = \$416,041.41$.

FOR CORPORATE CREDIT UNIONS

If total assets are over -	But not over -	The operating fee assessment is:
\$0	\$5,000,000	The natural person federal credit unions scale (above)
\$5,000,000	\$20,000,000	\$1,127.80, plus 0.02234% of the total assets over \$5,000,000
\$20,000,000	\$50,000,000	\$4,478.80 plus 0.02111% of the total assets over \$20,000,000
\$50,000,000	\$100,000,000	\$10,811.80 plus 0.01987% of the total assets over \$50,000,000
\$100,000,000	no limit	\$20,746.80 plus 0.00123% of the total assets over \$100,000,000

Operating Fee Calculator at <http://www.ncua.gov/DataApps/SIQueries/Pages/SIOpFeeCalc.aspx>